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Twenty-fifth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 16 May 2002, at 3 p.m.

President: Mr. HORVATH (Hungary)

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The meeting was called to order at 3.20 p.m.

FINANCIAL SITUATION OF UNIDO (*continued*) (IDB.25/6; IDB.25/CRP.3, CRP. 4 and CRP. 6)

1. **Mr. MOHANTY** (Principal Adviser to the Director-General), responding to points raised at the third meeting, welcomed the widespread recognition that the Organization's financial situation had stabilized and that the payment level of assessed contributions had increased. Several speakers had also rightly pointed out that States should clear their arrears as a sign of their commitment to UNIDO. In some cases, plans such as those for Ukraine and Azerbaijan could be arranged. Generally speaking, although the arrears situation had improved, there was still some way to go.

2. The question of voluntary contributions for the integrated programmes was particularly important. With a portfolio of some US$ 257 million, the amount available was about US$ 100 million, taking into account future instalments under signed agreements and programmable donor funds, but unless more voluntary contributions were forthcoming it might not be possible to implement some programmes. He noted that the higher allocation to Africa—amounting to 40 per cent of the total—reflected donor priorities. UNIDO had attempted to encourage increased contributions, but it was also up to recipient countries to try to see that their priorities were taken into account.

INVESTMENT AND TECHNOLOGY PROMOTION OFFICES (IDB.25/4; IDB.25/CRP.5)

3. **Mr. V. G. GARCIA III** (Philippines), speaking on behalf of the Group of 77 and China, noted with interest the activities undertaken by the Investment and Technology Promotion Offices (ITPOs), which were intended to strengthen countries' capacities to attract investment for industrial projects. Their assistance to developing countries in the acquisition of new technologies and in establishing sustainable mechanisms for the promotion of business alliances was most valuable. The Group of 77 and China took note of the proposed guidelines contained in document IDB.25/4.

4. **Mr. KALININ** (Russian Federation) commended the proposed guidelines for the functioning of ITPOs. His delegation supported active involvement by UNIDO in helping developing countries and countries with economies in transition build and strengthen national capabilities for attracting investment and technology by organizing industrial and financial contacts. That would require constant adjustments to the Organization's approach, in accordance with the changing requirements of Member States and developments in the world economy.

5. His delegation supported the proposals for expanding the activities and improving the funding arrangements for ITPOs, and for work in such areas as project assessment, the use of ITPO contacts with enterprises to attract more resources and the establishment of direct links between local entrepreneurs and potential investors through UNIDO project promotion programmes.

6. The UNIDO Centre for International Industrial Cooperation in Moscow had recently been strengthened with the appointment of industrial and academic experts and with the further development of working contacts with State and private structures. The Centre was actively involved in preparing the cooperation programme between the Russian Federation and UNIDO. Its main task was currently to seek to interest the private sector in joint industrial development projects and in the ITPO Network.

7. **Mr. GURKAN** (Turkey) said that ITPOs were important not only in helping developing countries and economies in transition to attract investors and gain access to technologies and markets but also by opening up new opportunities for investors and technology suppliers to connect with potential partners in developing countries, in complementing the Organization's endeavours to help developing countries cope with the challenges of development and globalization. The proposed guidelines contained in document IDB.25/4 would enhance the effectiveness of ITPOs, as well as encouraging a large number of Member States to host them.

8. **Mr. KAMOHARA** (Japan) said that ITPOs had played a significant role in helping developing countries and countries with economies in transition to bridge the investment gap and the technology divide, sometimes even providing new initiatives themselves and pointing the way forward. A case in point was the forum on the Clean Development Mechanism organized in June 2002 by UNIDO, as represented by the Tokyo ITPO, jointly with the Mitsubishi Research Institute. The forum was expected to facilitate a better mutual understanding of the Mechanism between developing countries in Asia and the Japanese investing community, and thus assist developing countries in developing the Mechanism as a policy tool for sustainable industrial development. It would also strengthen the collaborative partnership with the private sector. His Government considered the initiative most opportune and regarded better use of the Clean Development Mechanism as an area in which UNIDO could develop strong comparative advantages.

As for the guidelines, his delegation recognized the need for their updating to include technology promotion among ITPO activities and reflect current realities, and supported the adoption of the proposed guidelines.

9. **Mr. KIM Chang-mo** (Republic of Korea) stressed the importance of the role of ITPOs in helping developing countries and countries with economies in transition to bridge the investment gap and technology divide, acquire new technology and establish sustainable mechanisms. The Seoul ITPO had, since its launch in 1989, been successfully implementing its mandate with close support from the UNIDO Secretariat. His delegation would support the adoption of the proposed guidelines contained in document IDB.25/4, which reflected all the important issues that needed to be covered in the light of current changes.

10. **Mr. PAULINICH** (Peru) said that ITPOs played an important role in contributing to the economic growth of developing countries and countries with economies in transition and enhancing their competitiveness in national and international markets. Since 1995, the work of the ITPOs had been expanded and restructured, enabling the Organization's activities in the area of industrial technology transfer to be intensified, and countries with economies in transition had become actively involved. His delegation would therefore support the adoption of the proposed guidelines contained in document IDB.25/4.

11. **Mr. TOUQ** (Jordan), after expressing appreciation for the funding provided by the Government of Italy for the ITPO in Jordan, said that the concept should be expanded in order to make a real contribution to industrial growth. His delegation favoured the speedy establishment of the ITPO Network, which would enable all Offices to benefit from successes achieved elsewhere. The real problem lay in the gap between the promotion of investment and the actual investments made. UNIDO should play an active role in closing the gap by enhancing developing countries' industrial capacity and helping develop human resources. To that end, it should cooperate with other organizations, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Bank and the United Nations Development Programme (UNDP) to diversify secondary education in developing countries and make it more responsive to the requirements of the market and of economic globalization. UNIDO and Arab States which benefited from no initiatives to promote investment should engage in a dialogue. His Government was willing to host a meeting for that purpose. As for the draft guidelines contained in document IDB.25/4, his delegation was in favour of adoption in principle, although it had reservations about some of the assumptions made in the document. For example, there was more emphasis on the action required from the developing countries and countries with economies in transition than on the role of donor countries, whereas two parties were always required for investment to take place. Also, there was some ambiguity and overlap in the activities listed in paragraph 7 (iii). He hoped that the Secretariat would tighten up the wording.

12. **Mr. ABU SHOUK** (Sudan), speaking on behalf of the African Group, noted that, according to document IDB.25/4, paragraph 6, the objectives, mandate and activities as well as funding, personnel and legal arrangements for ITPOs should remain unchanged. Regarding the proposal for new guidelines to reflect the role of ITPOs, the Group felt that the ITPOs were functioning satisfactorily. While his Group would welcome efforts to sharpen the focus of ITPOs further and to enhance their overall performance, it believed that the key to their success was their flexibility and their ability to take account of local circumstances. The Secretariat should therefore engage in further consultations with Member States on enhancing the role of ITPOs.

13. **Mr. MORENO** (Italy) said that, in fostering joint development and sustaining market integration, ITPOs could extend the benefits of globalization to developing countries. They allowed synergies and complementarities to develop, thus paving the way for increased integration. In that perspective, networking was essential in order to share experiences and best practices. The UNIDO Mediterranean Network had shown itself to be an innovative and useful initiative which had facilitated South-South cooperation in specific sectors such as automotive components and textiles between Egypt and Tunisia. It had also promoted region-wide reflection on the use of instruments such as equity and guarantee funds to support small and medium enterprise development in the region. Other areas to have benefited were renewable energy in Tunisia, solid-waste collection in Egypt and waste treatment for olive-oil processing in Jordan. ITPOs could also play a crucial role in the trade facilitation and product quality and standardization programmes. His delegation would therefore welcome the geographical expansion of the ITPO Network, which would have a multiplying effect in terms of benefit to recipient countries.

14. **Mr. MARUNO** (Officer-in-Charge, Programme Coordination and Field Operations Division), after thanking countries that hosted ITPOs, said that he had taken note of the two observations made by the representative of Jordan. As a result of the organizational changes in UNIDO, the ITPO Network had been brought closer to UNIDO field operations, whose performance had been enhanced by the more dynamic environment in which the ITPOs operated. In view of the limited financial resources available, it was important to minimize costs and maximize results through increased synergy with other organizations. It

was anticipated that the new structure would increase the Organization's corporate strength, thus ensuring better value for less money.

UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES (IDB.25/3)

15. **Mr. V. G. GARCIA III** (Philippines), speaking on behalf of the Group of 77 and China, commended the Secretariat for its active participation in the International Conference on Financing for Development held recently in Monterrey, Mexico. The Group of 77 and China hoped to benefit in the coming months from the proposed initiatives on venture capital and on enabling developing countries to participate in international trade by strengthening the supply capacity. He also commended the Secretariat's participation in the preparatory process for the World Summit on Sustainable Development to be held in Johannesburg, South Africa, particularly the support it had given to the preparation of 18 national overview reports on the contribution of industry to sustainable development and on programmes facilitating the transfer of environmentally sound technology. International cooperation on technology transfer was crucial for a successful sustainable development programme. Lastly, he stressed the symbiotic relationship between the outcome of the International Conference on Financing for Development and the foreseeable outcome of the World Summit on Sustainable Development.

16. **Mr. NUÑEZ GARCIA-SAUCO** (Spain), speaking on behalf of the European Union (EU) and the candidate countries Bulgaria, the Czech Republic, Hungary, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, expressed appreciation of the Organization's involvement in the International Conference on Financing for Development. Its initiatives in that area were based on its strengths. The new UNIDO initiative "Enabling developing countries to participate in international trade—Strengthening the supply capacity" should be implemented in close coordination with other relevant stakeholders, particularly the World Trade Organization, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre, avoiding any duplication or overlap. He requested the Director-General to submit a report at the twenty-sixth session concerning progress in the implementation of the initiative.

17. The European Union attached great importance to the forthcoming World Summit on Sustainable Development and welcomed the active involvement of UNIDO, which should continue to work closely with Member States in the preparations for the Summit. He requested the Director-General to report to the twenty-sixth session on the implications for the work of UNIDO of the outcome of the Summit.

18. **Mr. RODRIGUEZ CHACON** (Peru) commended the Organization's participation in the International Conference on Financing for Development and its activities in preparation for the forthcoming World Summit on Sustainable Development. The Organization's presence on both occasions was both necessary and timely, since it enabled it to participate in the decision-making process at the highest level on issues closely linked to its mandate. It also increased the Organization's visibility on the world stage. The Director-General's announcement of the creation of the trust fund for the initiative "Enabling developing countries to participate in international trade—Strengthening the supply capacity", with a contribution of US$ 1 million from UNIDO itself, was most welcome. UNIDO had a universal vocation and should make every effort to reach out to countries that were not yet Members. An expansion of the membership would benefit the Organization as a whole. The Organization should also reach out to former Members which had left it in circumstances that had been very different. A greater understanding of the current situation might lead them to reconsider their decision.

19. **Mr. ZSIGMOND** (Hungary) said that UNIDO, as a unique agent of international industrial development, should have a voice at the forthcoming World Summit on Sustainable Development, to which his Government attached great importance. One of the initiatives due to be presented by UNIDO at the Summit related to National Cleaner Production Centres (NCPCs). His Government had, with assistance from UNIDO and the United Nations Environment Programme (UNEP) and with financial support from the Government of Austria, established an NCPC in 1997, which had rapidly become a centre of excellence in environmental management. Besides serving its national partners, it had been involved in international cooperation, especially in Central Europe. At a seminar held jointly with the Austrian Government in April 2002, several delegations had encouraged UNIDO to develop the international network of NCPCs further. It would be useful for the international networking element to be included in the initiative to be presented at the Summit.

20. **Mr. SAHINBAS** (Turkey) said that his delegation noted with satisfaction the Organization's active participation in the International Conference on Financing for Development. It particularly welcomed the initiative "Enabling developing countries to participate in international trade—Strengthening the supply capacity", which had the potential to increase the productivity levels and capacities of developing countries. As for participation in the World Summit on Sustainable Development, he commended the initiatives in the areas of technology transfer, access to energy for sustainable development, NCPCs and corporate social responsibility.

21. He expressed appreciation of the fact that one of the 18 national overview reports on the contribution of industry to sustainable development had covered his country. UNIDO had recruited a national consultant and provided financial support for the industrial stakeholders' workshop at which the report by the national consultant had been revised.

22. **Mr. KAMOHARA** (Japan) said that his delegation welcomed the Organization's active participation in both the International Conference on Financing for Development and the World Summit on Sustainable Development. The UNIDO strategy for capacity-building, entitled "Enabling developing countries to participate in international trade—Strengthening the supply capacity", merited particular attention. Japan strongly supported the Organization's activities to promote sustainable industrial development. The World Summit and its preparatory meetings would give UNIDO an excellent opportunity to publicize its related technical cooperation activities, and his delegation encouraged the Director-General to participate actively in the process.

23. **Ms. HALLE** (Croatia) said that her delegation fully supported the Organization's involvement in international conferences and welcomed the substantive results achieved by UNIDO at the International Conference on Financing for Development and its participation in a number of side events.

24. With regard to the World Summit on Sustainable Development, she said that, while some progress had been made since the adoption of Agenda 21, the state of the world's environment remained fragile. Her delegation was concerned about the constraints that hampered the implementation of Agenda 21, particularly the lack of resources. Croatia was doing its share to help to resolve global environment issues. It was in the final stage of adopting its National Development Strategy for the Twenty-first Century, and had already adopted strategies and policies that reflected the goals of sustainable development. Environmental protection, sustainable management and good governance could improve sustainable development. Local implementation of Agenda 21 was essential for sustainable development and democratic decentralization.

25. Her delegation supported the Organization's preparations for the fourth session of the Preparatory Committee for the World Summit on Sustainable Development, and hoped that its initiatives in the areas of technology transfer, access to energy for sustainable development, cleaner production centres and social responsibility would be incorporated in the final document of the Summit. The outcome of the Summit should be concrete, action-oriented and capable of implementation in order to contribute to the achievement of international development targets.

26. She welcomed the plans for UNIDO and the Government of Slovakia to organize an International Conference of Ministers of Environment and Economy of EU Accession Countries in Bratislava from 12 to 14 June 2002. The Conference should formulate future strategy and concrete action to improve regional cooperation in the area of cleaner and sustainable industrial development.

27. **Mr. ABU SHOUK** (Sudan), speaking on behalf of the African Group, said that the African Group noted with interest the Secretariat's involvement in the International Conference on Financing for Development. It commended the Secretariat's active role in preparations for the World Summit on Sustainable Development, particularly the Organization's support for the preparation of 18 national overview reports on the contribution of industry to sustainable development and on programmes that facilitated the transfer of environmentally sound technology, and the initiative concerning international cooperation in technology transfer. UNIDO's involvement in international conferences should strengthen its capacity to implement the technical cooperation programme.

28. The 37th Summit of African Heads of State and Government held in Lusaka in July 2001 had approved the New Partnership for African Development (NEPAD), the primary objective of which was to eradicate poverty in Africa and place African countries, both individually and collectively, on a path of sustainable growth and development in order to halt the marginalization of Africa in the globalization process. Priority areas of the NEPAD plan included creating peace, stability and good governance, investing in Africa's people, developing an industrial strategy, increasing investment in the information technology and communications sectors and developing transport and energy infrastructure. The African Group urged the international community to assist the African countries in that endeavour, in which UNIDO had an important role to play.

29. The Secretary-General of the United Nations had recently pointed out that areas such as capacity-building and market access were particularly important for Africa because Africans would much rather trade their way out of poverty than live on "handouts". African countries urgently needed increased access to markets of developed countries if they were to diversify their economies and create jobs for the soaring numbers of unemployed.

30. **Mr. MOHANTY** (Principal Adviser to the Director-General) said that the Secretariat would bear in mind the comments made by Member States, which would be reflected in the Organization's preparations for the World Summit on Sustainable Development. The principal objectives of the Organization's involvement

in major international conferences were to highlight industry's curcial role in promoting sustainable development and to gain international recognition of UNIDO's expertise in the field of capacity-building. Emphasis was being placed on the role of technology transfer, particularly the role of environmentally sound advanced technology, in promoting sustainable development in the developing countries.

31. The Secretariat had taken note of Member States' concern that National Cleaner Production Centres should figure prominently in UNIDO activities. UNIDO and the United Nations Environment Programme had been implementing a programme to promote the Centres and would continue that activity in partnership with regional development banks. That work, along with activities in the area of technology transfer, energy and corporate social responsibility, would be reflected in the Organization's statements at the World Summit on Sustainable Development.

JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO (IDB.25/5)

32. **Mr. MUNCH** (Joint Inspection Unit (JIU)) said that the report of the Director-General on Joint Inspection Unit activities relevant to UNIDO (IDB.25/5) discussed three JIU reports of particular interest to UNIDO. The first report dealt with strengthening the investigations function in United Nations system organizations (JIU/REP/2000/9). While the investigations function was becoming an increasingly important component of internal oversight for most United Nations system organizations, it was still in the developmental stage. The objective of the report was to make recommendations to enhance the capability of organizations in the system to meet the need for investigation. In its report, JIU made six recommendations regarding the investigations function in United Nations system organizations: (1) common standards and procedures should be developed and adopted; (2) managers should receive training in the use of standards and procedures for conducting investigations; (3) a risk profile of each organization should be conducted by the respective executive head in order to determine the organization's need for access to professionally trained and experienced investigators; (4) options for financing access of small organizations to a professional investigations capability should be reviewed; (5) preventive measures should be developed on the basis of proactive investigations and lessons learned; and (6) inter-agency cooperation should continue to be fostered, particularly through the conferences of United Nations investigators. The first recommendation had been a major agenda item at the Third Conference of International Investigators of United Nations Organizations and Multilateral Financial Institutions, held at World Bank Headquarters in March 2002. The participants in the Conference, including UNIDO, had adopted a paper entitled "Uniform standards for investigations". The Unit looked forward to receiving information about UNIDO's experience in trying out those uniform standards for the investigations function. It was encouraging that the JIU report had been favourably received by the secretariats of participating organizations and had triggered a lively discussion at meetings of various legislative organs.

33. The second report dealt with United Nations system support for science and technology in Latin America and the Caribbean (JIU/REP/2001/2). It was the third report of the evaluation series undertaken so far by the Unit to assess the relevance and adequacy of the activities of United Nations system organizations in support of endogenous capacity-building in the field of science and technology in developing countries. The organizations, including UNIDO, covered in the report performed satisfactorily in their support for science and technology activities in Latin America and the Caribbean. Among the 10 projects reviewed in the report was the regional cooperation project on microelectronics, which had been executed by UNIDO, with funding from the United Nations Development Programme (UNDP) from 1989 to 1992, as the first phase of a long-term regional programme for the development of informatics and microelectronics in Latin America and the Caribbean. The Organization's comments on that report (IDB.25/5, paras. 12-21) were, in general, supportive of the main recommendations of the report, particularly recommendation 1, which advocated the establishment of a United Nations system joint programme for science and technology for development. The Unit hoped that UNIDO would give further consideration to that proposal.

34. The third report (JIU/REP/2001/4), entitled "Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports", contained recommendations that were self-explanatory and did not require detailed presentation. Among the four recommendations contained in the report, the first three were addressed to the Board. Accordingly, based on the provision contained in paragraph 9 of the pilot scheme that the Board had adopted at its previous session (IDB.24/Dec.11), the Unit wished to encourage the Board to take specific action on those recommendations.

35. **Mr. V. G. GARCIA III** (Philippines), speaking on behalf of the Group of 77 and China, commended the efforts undertaken by the Secretariat with respect to the Joint Inspection Unit's report on United Nations system support for science and technology in Latin America and the Caribbean (JIU/REP/2001/2), as well as the Organization's contribution in the field of science and technology for development. The further strengthening of UNIDO's internal capacity and mobilization of funds and its probable establishment of a connection with

global forum activities could strengthen the position of the Organization. UNIDO's experience and capacities in setting up linkages between science and technology and the private sector could give it a leading role in coordinating and integrating United Nations support programmes and services.

36. The report on enhancing the governance oversight role (JIU/REP/2001/4) represented the first report since the Board's approval of the pilot scheme of UNIDO follow-up to JIU recommendations. The Group of 77 and China believed that the Board's authority was sufficient to enable it to carry out its oversight function effectively.

37. The Group of 77 and China commended the Director-General on the successful transformation of UNIDO, and urged the Secretariat to use the Organization's newly won stability to implement fully its technical cooperation portfolio in accordance with the medium-term programme adopted by the General Conference at its ninth session.

38. Industrialization was the most effective means of reducing global poverty and attaining economic growth and productivity. Given its comparative advantage over other organizations of the United Nations system, UNIDO was the most relevant institution for assisting developing countries in their efforts to build industrial capacities and meet the challenges of globalization. The Group of 77 and China urged all Member States to increase their political commitment and financial resources to the Organization in order to enable it to implement its mandate.

39. **Mr. DE MIGUEL ALVAREZ** (Spain), speaking on behalf of the European Union and the candidate countries Bulgaria, the Czech Republic, Hungary, Lithuania, Malta, Romania, Slovakia, Slovenia and Turkey, said that the European Union took note of the Director-General's report on JIU activities relevant to UNIDO (IDB.25/5) and looked forward to detailed action-oriented proposals by the Secretariat during the debate on ways of implementing the Unit's pertinent recommendations. Effective follow-up of the Unit's recommendations was a key part of the oversight activities that contributed to good management practice and the best use of resources. In that regard, the European Union attached great importance to the role of the Internal Oversight Group, and encouraged it to broaden and intensify its relations with the Unit and other oversight bodies, including the External Auditor. The European Union would welcome regular reports on the Internal Oversight Group's activities, together with information on the implementation of its recommendations. The JIU recommendations were an important contribution to the oversight exercise.

40. **Mr. KAMOHARA** (Japan) said that his Government attached great importance to the better use of JIU reports. By seriously considering such reports within the Secretariat and in the Programme and Budget Committee, UNIDO could greatly improve the transparency, consistency and efficiency of its management. His delegation supported the establishment of the pilot scheme of follow-up to the approved recommendations of the Joint Inspection Unit through policy-making organs, as outlined in document IDB.24/18, and the Director-General's idea of incorporating, as far as possible, JIU recommendations relevant to UNIDO into the Organization's management reforms.

41. With regard to JIU recommendations 1 to 3 as contained in the Director-General's report (IDB.25/5, para. 22), his delegation wished to point out that, although some progress had been made, further improvement was necessary to ensure that the programme and budget proposals provided a more systematic linkage between programmatic aspects and administrative, budgetary and financial considerations. His delegation looked forward to the report on the comprehensive review of the management and administration of UNIDO that was being carried out by the Joint Inspection Unit.

42. **Mr. DEROY** (Director, Internal Ovresight Group) said that the Secretariat had had an opportunity during the current session to hold discussions with the colleagues from the Joint Inspection Unit, and was also in regular contact with the External Auditor. With regard to the comments made by the representative of the European Union concerning follow-up of the Unit's recommendations, he said that the Secretariat used the same matrix as the Unit.

MATTERS RELATED TO INTER-GOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (IDB.25/7)

43. **The PRESIDENT** said that document IDB.25/7, which had been the only document issued under agenda item 8, contained an application from one non-governmental organization. The application had been discussed at a meeting of the Bureau earlier in the day and it had been agreed that the application for consultative status of World Vision International should be accepted. A draft decision on that subject would be distributed.

INTRODUCTION OF DRAFT DECISIONS (IDB.25/L.2-L.11)

44. **The PRESIDENT** said that a number of draft decisions which were contained in documents IDB.25/L.2-L.11 and most of which had been

considered in informal consultations chaired by Mr. Takasu (Japan) were before the Board.

45. **Mr. TAKASU** (Japan), speaking as chairman of the informal consultations, said that the consultations had been very successful. He would just mention that in draft decision IDB.25/L.3 a new sub-item (c) entitled "Biotechnology global forum" should be added under agenda item 3 of the provisional agenda for the next session. It would be important for the Board to be informed on that issue.

46. **The PRESIDENT** said that he was submitting the draft decisions approved by consensus in the informal consultations as drafts of the President for consideration by the Board.

The meeting was suspended at 4.50 p.m.
and resumed at 5.30 p.m.

ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001 (*continued*) (IDB.25/2 and Add.1; IDB.25/CRP.7 and CRP.8; IDB.25/L.7 and L.8)

47. **The PRESIDENT** drew attention to draft decisions IDB.25/L.7 and IDB.25/L.8.

48. *The draft decisions were adopted.*

Proposal of Japan for a UNIDO strategy paper (IDB.25/CRP.8)

49. **The PRESIDENT** said that the Japanese proposal in document IDB.25/CRP.8 had been distributed, and it had been informally agreed that a summary of the views expressed would be prepared. The summary would read:

> "The Permanent Representative of Japan to UNIDO stressed that reform was only a means of achieving the objectives of the Organization and the time had now come for UNIDO to concentrate on producing practical and useful deliverables through its technical cooperation activities. UNIDO needed a sharper focus to concentrate the Organization's efforts on a number of areas within the scope of the Business Plan and the medium-term framework., 2002-2005. It was also necessary for UNIDO to gain better recognition in the international community as a revitalized and viable organization.
>
> "To make possible this process, Japan proposed the formulation of a UNIDO strategy paper, a preliminary outline of which was distributed to the Board (IDB.25/CRP.8). All Member States were invited to discuss the proposals in the Programme and Budget Committee in September 2002 and/or the Industrial Development Board in November 2002. The Secretariat was requested to prepare, by the end of August 2002, a background paper on the subject that would facilitate consultations among the Member States."

50. It was suggested that that summary should be included in the records.

51. *It was so agreed.*

FINANCIAL SITUATION OF UNIDO (*continued*) (IDB.25/6 and IDB.25/8; IDB.25/CRP.3, CRP.4 and CRP.6; IDB.25/L.4, L.10 and L.11)

52. **The PRESIDENT** drew attention to draft decision IDB.25/L.4.

53. *The draft decision was adopted.*

54. **The PRESIDENT** drew attention to draft decision IDB.25/L.10, entitled "Funds mobilization for integrated programmes".

55. **Mr. JENKINS** (United Kingdom) proposed that the phrase "bilateral donor funds" in paragraph (g) should be amended to read "funds from bilateral donors" and that the word "through" in paragraph (h) should be changed to "from".

56. **Mr. RIMDAP** (Nigeria) expressed support for the proposed amendment to paragraph (g), but said that he would prefer to keep the word "through" in paragraph (h) as it conveyed better the action that the Board was requesting the Director-General to take.

57. **Mr. JENKINS** (United Kingdom) withdrew his proposal for paragraph (h).

58. *The amendment to paragraph (g) proposed orally by the representative of the United Kingdom was adopted.*

59. *Draft decision IDB.25/L.10, as amended, was adopted.*

60. **The PRESIDENT** drew attention to draft decision IDB.25/L.11, entitled "Proposed payment plan for Azerbaijan".

61. **Mr. NUÑEZ GARCIA-SAUCO** (Spain), speaking on behalf of the European Union, expressed support for the draft decision. However, referring to the proposed payment plan for Azerbaijan contained in document IDB.25/8, he would like annex II, paragraph 5, to be replaced by the text in annex II, paragraph 5, of the proposed payment plan for Ukraine contained in document GC.9/9.

62. **The PRESIDENT** said that that statement was noted.

63. *Draft decision IDB.25/L.11 was adopted.*

INVESTMENT AND TECHNOLOGY PROMOTION OFFICES (*continued*) (IDB.25/4; IDB.25/CRP.5; IDB.25/L.5)

64. **The PRESIDENT** drew attention to draft decision IDB.25/L.5.

65. *The draft decision was adopted.*

UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES (*continued*) (IDB.25/3; IDB.25/L.6)

66. **The PRESIDENT** drew attention to draft decision IDB.25/L.6.

67. *The draft decision was adopted.*

JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO (*continued*) (IDB.25/5; IDB.25/L.9)

68. **The PRESIDENT** drew attention to draft decision IDB.25/L.9.

69. *The draft decision was adopted.*

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (*continued*) (IDB.25/7; IDB.25/L.2)

70. **The PRESIDENT** drew attention to draft decision IDB.25/L.2.

71. *The draft decision was adopted.*

PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION (IDB.25/CRP.2; IDB.25/L.3/Rev.1)

72. **The PRESIDENT** said that a revised version of the draft decision on the item had just been distributed (IDB.25/L.3/Rev.1). The following were the changes that had been made: the phrase "including field representation and technology foresight" had been added to sub-item (b) under agenda item 3 and a sub-item (c), entitled "Biotechnology global forum", had been added.

73. **Mr. RUDISCHHAUSER** (Germany) said that, although his delegation had had reservations about adding new agenda items at the last minute, it would support the adoption of the draft decision on the understanding that the Secretariat would inform Board members about the proposed new initiative under item 3 (c) and provide documentation in a timely manner.

74. **Mr. JENKINS** (United Kingdom), referring to item 3 (b), suggested that field representation should be discussed as a separate agenda item rather than in connection with the medium-term programme framework, since it was really an organizational issue.

75. **Mr. RUDISCHHAUSER** (Germany), supported by **Mr. EL ATAWI** (Egypt), said that field representation had in fact been included as part of the medium-term programme framework; he therefore thought that it could be discussed under item 3 (b).

76. **Mr. KAMOHARA** (Japan) said that he wished to confirm his delegation's understanding that the Japanese proposal for a strategy paper would be taken up by the Programme and Budget Committee in September and by the Board in November, under the proposed agenda items 3 (b) and 4.

77. **Mr. PAULINICH** (Peru) said that his delegation attached particular importance to technology foresight.

78. *Draft decision IDB.25/L.3/Rev.1 was adopted.*

ADOPTION OF THE REPORT (IDB.25/L.1)

79. **Mr. HAMEDANI** (Islamic Republic of Iran), Rapporteur, introducing document IDB.25/L.1, said that it represented the framework of the report. The final version would be compiled in close consultation with the Friends of the Rapporteur and would duly reflect the proceedings of the session, including the decisions that had just been adopted.

80. **The PRESIDENT** said that, if he heard no objection, he would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it in consultation with the Friends of the Rapporteur as soon as possible after the closure of the session.

81. *It was so decided.*

CLOSURE OF THE SESSION

82. **Mr. MAGARIÑOS** (Director-General) thanked all the participants for the conscientious and constructive spirit that they had shown and assured them that the Secretariat would work hard to prepare the documents requested. He would hold informal meetings before the next sessions of the Programme and Budget Committee and the Board to present the relevant supporting documentation, including the background paper on the proposal of Japan for a UNIDO strategy paper. He was pleased to note that participants had not only endorsed but also elaborated upon his views on the challenges which the Organization faced. The Secretariat was committed to playing its part in translating good intentions into positive achievements to help fight poverty in the world.

83. **The PRESIDENT**, after thanking the participants for their support and cooperation, declared the twenty-fifth session of the Industrial Development Board closed.

The meeting rose at 6.20 p.m.